



City of Boulder, Colorado

Popular Annual Financial Report



Photo provided by Joanie Weisman



Fiscal Year
Ending December 31

2014



Boulder's City Council attends a two-day retreat in January of each year to set council priorities and discuss the next year's work plan. Here, the City Council illustrates its vision for 2015.

This Popular Annual Financial Report (PAFR) is a summary of the financial activities of the city's funds as reported in the 2014 Comprehensive Annual Financial Report (CAFR). The CAFR is an audited document prepared in accordance with generally accepted accounting principles (GAAP). To conform to GAAP, the CAFR must include the city's component units, present individual funds in greater detail, and fully disclose all material events, both financial and non-financial.

Unlike the CAFR, the PAFR is not an audited document and does not include details by fund or other disclosures required by GAAP. Therefore, the PAFR is not intended to present a complete financial picture of the city in accordance with GAAP. This report is a reflection of our effort to keep you informed about how your tax dollars are being spent in a simple, non-technical format.

For more in-depth information, the CAFR is available online at www.bouldercolorado.gov under the Finance Department Financial Reporting tab. The PAFR is also available online at the same location.

The city's website also includes information about: • Each department's activities • Job opportunities • Budgets • Council members, agendas, and meetings • Community • Flood safety information • City of Boulder Capital Improvement Plan

Short History of Boulder:

Originally, Boulder was the home of Native Americans. In 1858, gold seekers established the first non-native settlement. City government was formalized in November 1871. On October 30, 1917, the city became a home rule city and adopted a charter pursuant to Article XX of the Constitution of the State of Colorado by vote of the electorate.

Quick Facts about Boulder

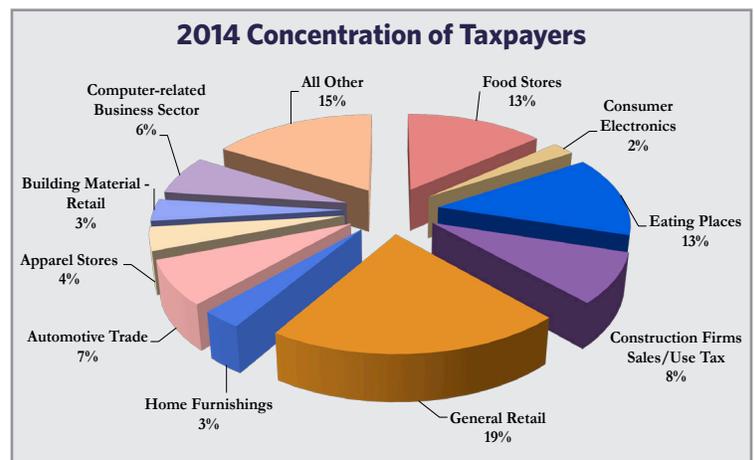
Population	104,000
Unemployment Rate	3.2%
Sales and Use Tax Rate	3.56%
City Employees	1,286
City Operating Budget	\$227 million
City Capital Budget	\$42 million

Top 5 City of Boulder Employers

Over 2,500 employees: University of Colorado, Boulder Valley School District, St. Vrain Valley School District, IBM Corporation and Ball Corporation.

Other Major Employers

Boulder Community Hospital, Boulder County, Oracle Corporation, SCL Health System, and Covidien.



Significant Events

- Recreational marijuana shops opened their doors in Boulder for the first time on February 18, 2014. The city collected \$2.0 million of recreational marijuana tax revenues through the end of the year.
- Over 2,300 athletes participated in Boulder's first full-distance IRONMAN triathlon in August 2014. Competitors swam 2.4 miles at Boulder Reservoir, biked 112 miles through Weld and Larimer counties, and ran 26.2 miles on the Boulder Creek Trail.
- Boulder's Main Library underwent a \$4.5 million renovation throughout 2014. Highlights of the extensive remodel include new furniture, meeting and study rooms, carpeting, windows, and children and teen sections.
- On September 11 through September 14, 2013, an epic flood impacted cities across the Front Range of Colorado, including the City of Boulder. Though critical services were restored in 2013, the city continued to remove debris and sediment from public property along Boulder's fifteen major drainageways in 2014. The city's 2014 flood recovery work also included repairing damaged creek infrastructure such as culverts and drop structures and otherwise restoring waterways to pre-flood conditions.
- Boulder Issues 2A, 2B, and 2C were passed by voters in November 2014. Boulder Issue 2A approved a 0.3 percent sales tax increase for the next three years to fund the Downtown Civic Area, University Hill, Boulder Creek Path, and Chautauqua capital improvement projects. Boulder Issue 2B sanctioned the City Council to discuss legal matters related to the formation of a municipal utility in closed sessions. Boulder Issue 2C allowed the city to pursue high speed fiber optic broadband networks by exempting it from a state law that limited this authority.
- The North Boulder Corner Library opened in March 2014. The new location is open 40 hours per week and offers 900 books, 200 DVD's, public access computers, and Wi-Fi.
- In December 2013, the City of Boulder was one of the first 32 cities chosen to participate in the Rockefeller Foundation's 100 Resilient Cities Challenge. The city hired its first Chief Resilience Officer in September 2014 to support its resilience efforts, which entails making people, communities, and systems better prepared to withstand catastrophic events, both natural and man-made, and being able to recover quickly from disasters.
- The city moved forward with its Transform Boulder Business Initiative (TBBI) in 2014, which replaces the city's outdated financial, human resource, and payroll systems with a more modern and comprehensive software package. The financial system was successfully implemented in January 2015 and the human resource and payroll systems are expected to go live by 2016. This project is the city's top internal initiative.
- Throughout 2014, the city continued to explore options to provide the community with clean, reliable, low-cost, and local energy, including the creation of a municipal utility. Voters approved a \$1.9 million utility occupation tax in 2011 that is funding much of this effort. This project is the city's top external initiative.



Over 2,300 athletes participated in Boulder's first full-distance IRONMAN triathlon in August 2014.

Operating Indicators & Statistics

Public Works

Daily vehicle miles in Boulder Valley 2.9 million miles

Utilities

Water accounts 28,829

Gallons of water consumed daily 15.7 million

Public Safety

Police officers 176

Traffic accidents 3,449

Police calls for service 108,279

Firefighters 96

Fire responses 9,910

Fire response within 6 minutes 47%

Parks & Recreation

Acres of open space & mountain parks 45,518 acres

Acres of urban parks 1,800

Recreation Center attendance 727,531

Reservoir attendance 156,034

Library

Circulation of books, videos and tapes 1.3 million

Planning & Development Services

Building permit applications 6,115

Zoning enforcement actions 821

Municipal Court

Traffic violations 10,998



Over 30,000 students attend the University of Colorado Boulder, a public research university founded in 1876.

2013 Best of Boulder

- The Best Small and Midsize Cities for Jobs 2014 (#1 Midsize City)
— Forbes, May 2014
- The 50 Best College Towns in America (#1)
— Best College Reviews, August 2014
- Top 10 Midsize Communities for Well-Being (#2)
— Gallup-Healthways Well-Being Index, March 2014
- 10 Best: Bike-Friendly Cities (#2) — USA Today, July 2014
- 2014 Best of the Web and Digital Government Achievement Awards (#3 City Portal) — e.Republic’s Center for Digital Government, October 2014
- Top 10 Foodie Cities 2014 (#7) — Livability, June 2014
- The 10 Greenest Midsize Cities (#9) — MyLife, May 2014
- The Best-Paying Cities for Women 2014 (#9)
— Forbes, February 2014
- Watch These 10 U.S. Cities for Big Growth (#9)
— Urbanful, July 2014
- The 10 Best Places to Open a Small Business (#10)
— Talent Tribune, December 2014
- America’s Fittest Cities — The Active Times, March 2014
- Street Smarts: 5 College Towns that Offer Way More Than Education — FlipKey, May 2014
- Tree City USA (30th Consecutive Year)
— National Arbor Day Foundation, April 2014
- Award for Outstanding Achievement for the 2013 Popular Annual Financial Reporting (PAFR)
- Award for Certificate of Achievement for Excellence in Financial Reporting for the 2013 Comprehensive Annual Financial Report (CAFR)

Financial Statements

Within the CAFR, the city presents two different types of statements.

1. The government-wide statements are designed to provide readers with a **long-term overview** of the city’s finances. These statements include the Statement of Net Position and the Statement of Activities. The government-wide financial statements distinguish functions of the city that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities encompass general government, administrative, public safety, public works including streets and transportation, planning and development, culture and recreation, open space and mountain parks, and housing and human services. The business-type activities of the city include the water and wastewater utilities, stormwater and flood management, parking facilities, and property and facility acquisition services.

2. The fund statements provide a **short-term perspective** of individual funds.



The Community Ditch Underpass was completed in November 2014, providing a safe connection between trail systems on the east and west sides of Highway 93.

Component Units

The City of Boulder's financial reporting entity is comprised of the primary government and its component units. The primary government consists of all funds and departments that are not legally separate from the city, while component units are legally separate organizations for which the city is financially accountable. The financial information of the city's component units is blended with the primary government and reported in the same manner as any other city operation.

City of Boulder Blended Component Units:

1. Downtown Commercial District and University Hill

Commercial District - These Districts provide parking facilities and services and are administered by the City Council.

2. Boulder Municipal Property Authority

- The Authority is a nonprofit organization responsible for the acquisition and construction of certain city properties and facilities and is administered by the City Council.

3. Boulder Junction Access General Improvement District

- This District is tasked with implementation of the transit-oriented development goals of shared, unbundled parking and travel demand management programs.

Statement of Net Position - Government-wide

The **Government-wide Balance Sheet**, known as the Statement of Net Position, presents information about the city's assets and deferred outflows of resources as well as its liabilities and deferred inflows of resources, with the difference reported as net position. Deferred outflows and inflows of resources represent expenses and revenues that will be recognized in a future period. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the city is improving or deteriorating.

The accompanying table of net position presents a summary of the city's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at the end of 2014, 2013 and 2012. The city's assets exceeded its liabilities by \$1,086.4 million at December 31, 2014. The largest portion of the city's net position, \$839.4 million (77%) reflects its investment in capital assets (i.e., land, buildings, infrastructure, machinery and equipment, utility plants, and underground drainage facilities), net of related debt. The city uses these capital assets to provide services to the public; consequently, these assets are not available to fund current operations. An additional portion of the city's net position, \$61.7 million (6%), denotes resources that are subject to usage restrictions. The remaining unrestricted balance of net position, \$185.4 million (17%), may be used to meet the city's ongoing obligations.

Net Position at 12/31/20XX (in thousands)

Assets	2014	2013	2012
Current & Other Assets	\$342,833	\$327,955	\$333,080
Capital Assets	998,264	963,982	932,929
Total Assets	1,341,097	1,291,937	1,273,009
Deferred Outflows of Resources	3,393	4,081	-
Liabilities			
Noncurrent Liabilities	199,138	208,921	222,451
Other Liabilities	26,681	27,682	59,848
Total Liabilities	225,819	236,603	282,299
Deferred Inflows of Resources	32,227	32,463	-
Net Position			
Invested In Capital Assets	839,358	811,417	727,155
Restricted	61,679	34,087	81,581
Unrestricted	185,407	181,448	174,974
Total Net Position	\$1,086,444	\$1,026,952	\$983,710



The Open Space and Mountain Parks Junior Rangers celebrated 50 years of work beautifying Boulder's incredible network of trails, unique landscapes, and sensitive ecosystems in June 2014.



Gary Hirsch beautified the Boulder Civic Area by painting an interactive mural titled "Bot Stories: Boulder" in May 2014. This mural is a temporary public art project expected to be on display for one year.



As of April 2014, residents and visitors of Boulder can pay for parking via the Parkmobile app. This convenient new payment method allows users to forgo parking meters and receive text message alerts and reminders.

Statement of Activities - Government-wide

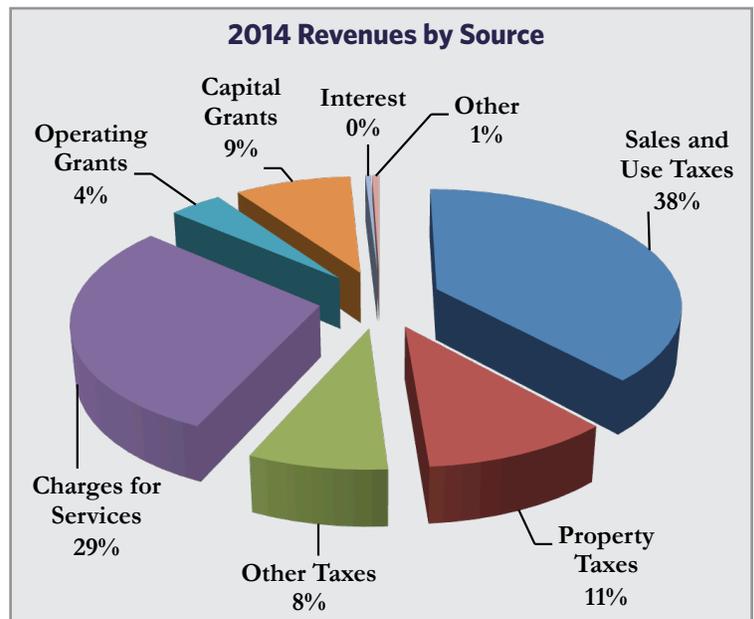
The **Government-wide Income Statement**, known as the Statement of Activities, details the money received and spent by the city during the fiscal year.

Revenues - Where the money comes from . . .

- Sales and use taxes are the city's largest source of revenues and are collected on retail sales and other business activity. The \$12.1 million increase in 2014 was mainly due to a 0.15 percent sales and use tax rate increase that resulted in \$4.7 million of additional revenues; \$0.8 million of new recreational marijuana tax revenues; large, one-time construction projects; and an overall increase in consumer spending.
- Property taxes are collected by Boulder County and remitted to the city net of county fees. In 2014, property tax revenues increased slightly due to higher assessed property values.
- Other taxes include accommodation, franchise, specific ownership, tobacco, and excise taxes. Other taxes increased \$1.8 million during 2014 primarily due to \$0.4 million of new recreational marijuana excise taxes and a \$1.5 million swell in development excise taxes collected on construction.
- Charges for services are payments received directly by the city for services performed. These revenues include parking charges, utility service charges, and licensing fees. In 2014, charges for services revenues were comparable to prior years.

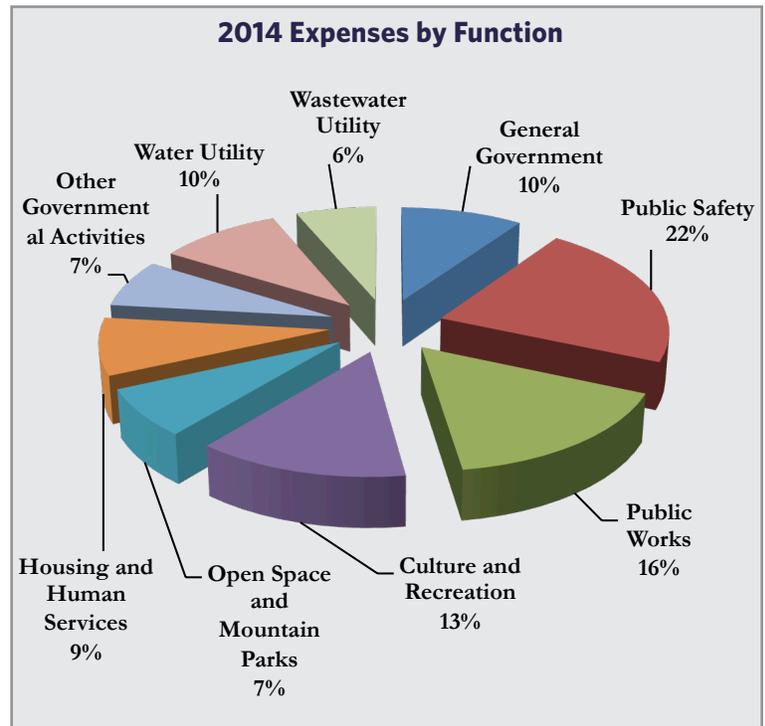
- Operating grants and contributions are resources received from external entities and are generally restricted to finance one or more specific projects. In 2014, operating grants and contributions increased \$6.3 million largely due to FEMA reimbursements for 2013 flood damage.
- Capital grants and contributions received by the city are used to purchase, construct, or renovate specific capital assets. Capital grants and contributions increased \$12.8 million due to FEMA reimbursements for 2013 flood damage and a \$3.1 million increase in transportation-related grants from the Colorado Department of Transportation (CDOT), mostly for airport repaving and construction of a multi-use path along the north side of Pearl Parkway from 30th Street to Foothills Parkway.
- Interest revenues are earned on the city's fixed income investments. In 2014, interest revenues increased \$0.2 million due to a higher average balance in the city's investment portfolio.
- Other revenues are derived from a variety of sources including insurance proceeds and gains on sales of capital assets. Other revenues decreased \$4.0 million due to fewer sales of capital assets that resulted in significant gains in 2014.

Revenues by Source December 31, 20XX	2014 (in 000's)	2013 (in 000's)	2012 (in 000's)
Sales and Use Taxes	\$116,316	\$104,254	\$97,516
Property Taxes	32,366	31,410	31,426
Other Taxes	23,924	22,088	21,115
Charges for Services	89,748	87,041	91,414
Operating Grants	12,213	5,962	71,092
Capital Grants	26,889	14,128	14,435
Interest	1,230	1,056	1,436
Other	1,601	5,647	4,792
Total Revenues	\$304,287	\$271,586	\$333,226



Expenses - Where the money goes . . .

- General Government expenses are primarily made up of personnel and operating expenses. These costs decreased nominally from 2013 to 2014.
- Public Safety constitutes the city's largest expense and includes both the police and fire departments. In 2014, Public Safety expenses were consistent with prior years.
- Public Works is composed of costs associated with the repair, construction, acquisition, and maintenance of public roads, bike paths, and other city assets. Public Works expenses increased \$9.8 million in 2014 primarily due to personnel costs, engineering fees, materials, and supplies used to complete non-capital September 2013 flood repairs.
- Culture and Recreation embodies the operating costs of parks, libraries, and senior services. Costs associated with these services fluctuated minimally from 2013 to 2014.
- Open Space and Mountain Parks represents the cost of land acquisition, land restoration, and trails management. Additional employees hired in 2014 contributed to a \$0.8 million increase in expenses.
- Housing and Human Services expenses increased \$1.9 million in 2014 due to large development projects such as Bridge House's Ready to Work House and Employment Center.
- Other Governmental Activities include planning and development services, administrative services, and interest on long-term debt. In 2014, expenses increased \$2.4 million. This increase is mostly attributable to additional administrative employees hired in 2014 to support the human resources, finance, and information technology departments.
- Water and Wastewater denotes the operating costs of these utilities, including annual upgrades and maintenance of water, wastewater, and sewer lines and treatment plants. Water and Wastewater expenses have remained relatively constant over the past several years.
- Other Business-type Activities consist of flood management, parking facilities, and property and facility acquisition services. These expenses increased \$1.7 million in 2014 as a result of disposals of capital assets damaged in the September 2013 flood.



Expenses by Function December 31, 20XX	2014 (in 000's)	2013 (in 000's)	2012 (in 000's)
General Government	\$22,406	\$22,851	\$16,625
Public Safety	50,662	50,468	49,693
Public Works	37,406	27,558	33,110
Culture and Recreation	30,819	30,749	28,112
Open Space & Mountain Parks	16,774	16,023	13,040
Housing and Human Services	19,795	17,937	14,431
Other Governmental Activities	16,375	14,006	11,166
Water Utility	22,644	22,605	21,925
Wastewater Utility	14,703	13,916	13,776
Other Business-type Activities	14,167	12,432	12,305
Total Expenses	\$245,751	\$228,545	\$214,183



In August 2014, the Front Range Climbing Stewards contributed to the September 2013 flood repair efforts by creating a new route around a 20-foot gap in the Royal Arch Trail.

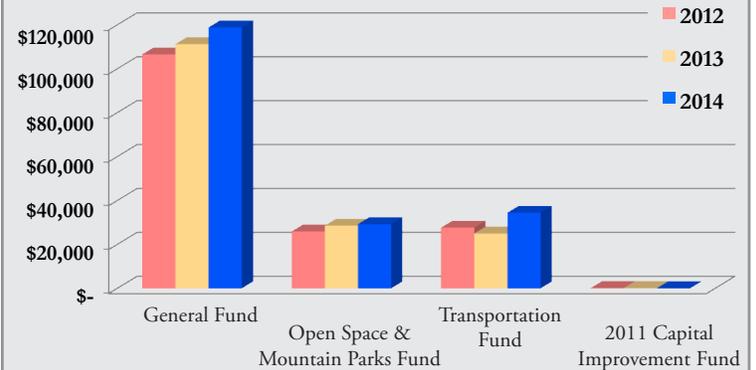


Residents and visitors have enjoyed the Boulder Farmers Market's local food, art, and crafts since 1986.

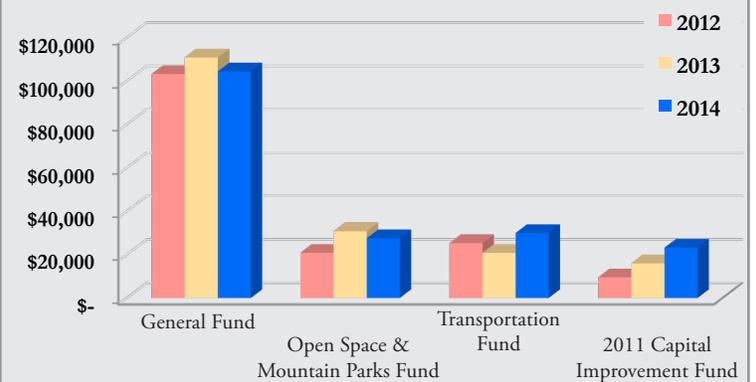
Governmental Fund Highlights

- The General Fund is the primary operating fund of the city. The General Fund balance grew \$8.6 million to \$51.1 million, with an unrestricted fund balance of \$39.1 million at December 31, 2014. Unrestricted fund balance includes fund balance committed by city council, fund balance assigned by city management, and unassigned fund balance. In 2014, General Fund revenues increased \$7.6 million as a result of a 0.15 percent sales and use tax rate increase; a greater percentage of accommodation taxes allocated to the general fund; and FEMA reimbursements for 2013 flood damage. General Fund expenditures decreased \$6.4 million primarily due to a change in the presentation of administrative costs that reclassified these costs from transfers to actual operating expenditures.
- The Open Space and Mountain Parks Fund is a major special revenue fund with fund balance restricted for special purposes. The fund balance of the Open Space and Mountain Parks Fund was \$30.0 million at December 31, 2014, an increase of \$13.1 million from 2013. Revenues grew \$0.7 million due to a 0.15 percent sales and use tax increase while expenditures decreased \$3.2 million as a result of fewer property acquisitions in 2014. Property acquisitions change from year to year based on the availability of parcels that meet the Open Space and Mountain Parks charter.
- The Transportation Fund is another major special revenue fund with fund balance restricted for special purposes. Its fund balance rose \$4.1 million to \$16.4 million at December 31, 2014, while revenues and expenditures increased \$9.5 million and \$9.1 million, respectively. \$6.0 million of the increase in revenues was due to a 0.15 sales and use tax rate increase, with the remaining increase attributable to intergovernmental grants from CDOT. Expenditures increased \$9.1 million due to a variety of capital improvement projects, including construction of a multi-use path along the north side of Pearl Parkway from 30th Street to Foothills Parkway, and a change in the presentation of administrative costs that reclassified \$1.3 million from transfers to actual operating expenditures.

Revenues by Major Governmental Fund for the Year Ended December 31, 20XX (in 000's)



Expenditures by Major Governmental Fund for the Year Ended December 31, 20XX (in 000's)



In 2014, Open Space and Mountain Parks began working on the North Trail Study Area Plan, which aims to improve visitor experiences and increase the sustainability of trails north of Linden Avenue and west of Diagonal Highway while conserving the land's diverse natural, cultural, and agricultural resources.

- The 2011 Capital Improvement Fund is a major capital project fund. This fund's balance is restricted to certain capital projects by bond covenants. The 2011 Capital Improvement Fund balance declined \$23.1 million to \$10.8 million at December 31, 2014 as a result of approved capital project expenditures. See the Capital Asset Highlights section for additional project details.



Boulder's Main Library's underwent an extensive 2014 renovation that included new furniture, meeting and study rooms, carpeting, windows, and children and teen sections.

**Capital Assets at December 31, 20XX
(net of depreciation, in thousands)**

Assets	2014	2013	2012
Land and Easements	\$345,486	\$339,999	\$325,297
Buildings	80,697	84,833	82,699
Improvements Other Than Buildings	45,877	42,290	45,171
Infrastructure	108,620	99,387	92,599
Utility Plant In Service and Undergrounds	315,890	320,401	310,547
Machinery, Equipment and Vehicles	27,606	27,090	24,347
Construction in Progress	74,088	49,982	52,269
Total Capital Assets	\$998,264	\$963,982	\$932,929

Capital Asset Highlights

Governmental Activities

- Construction of several transportation infrastructure projects including the Pearl Parkway multi-use path, Junction Place Bridge at Goose Creek, and arterial road reconstruction commenced. *\$8.6 million*
- Road pavement repairs and reconstruction were performed. *\$7.7 million*
- Land was acquired by Open Space and Mountain Parks. *\$4.9 million*
- Construction of the new Wildland Fire Training Center and Main Library renovation began. *\$4.2 million*
- New vehicles were purchased. *\$3.0 million*
- The Bill Bower and Elks Neighborhood Parks were completed. *\$2.8 million*
- The Parks and Recreation facility was renovated. *\$1.8 million*
- An airport ramp was completed. *\$1.2 million*
- An automated material handling system and new radio frequency identification system were installed at the Main Library. *\$0.7 million*

Business-type Activities

- Flood mitigation projects were performed. *\$6.7 million*
- Waterlines were rehabilitated. *\$3.2 million*
- Gunbarrel storage tanks underwent structural steel rehabilitation. *\$0.7 million*
- Parking garages were improved. *\$0.6 million*



The improved 8-acre Elks Neighborhood Park features a children's playground, enhanced connections to multi-use paths, a picnic shelter, open lawns, and a bridge across Fourmile Creek.

Cash and Investments

The principal objective of the city's cash and investment strategy is the preservation and protection of investment principal. All investments held in 2014 met City Code standards. For detailed investment requirements, see Boulder Revised Code Title 2, Chapter 10 at www.municode.com/library/co/boulder/codes/municipal_code.

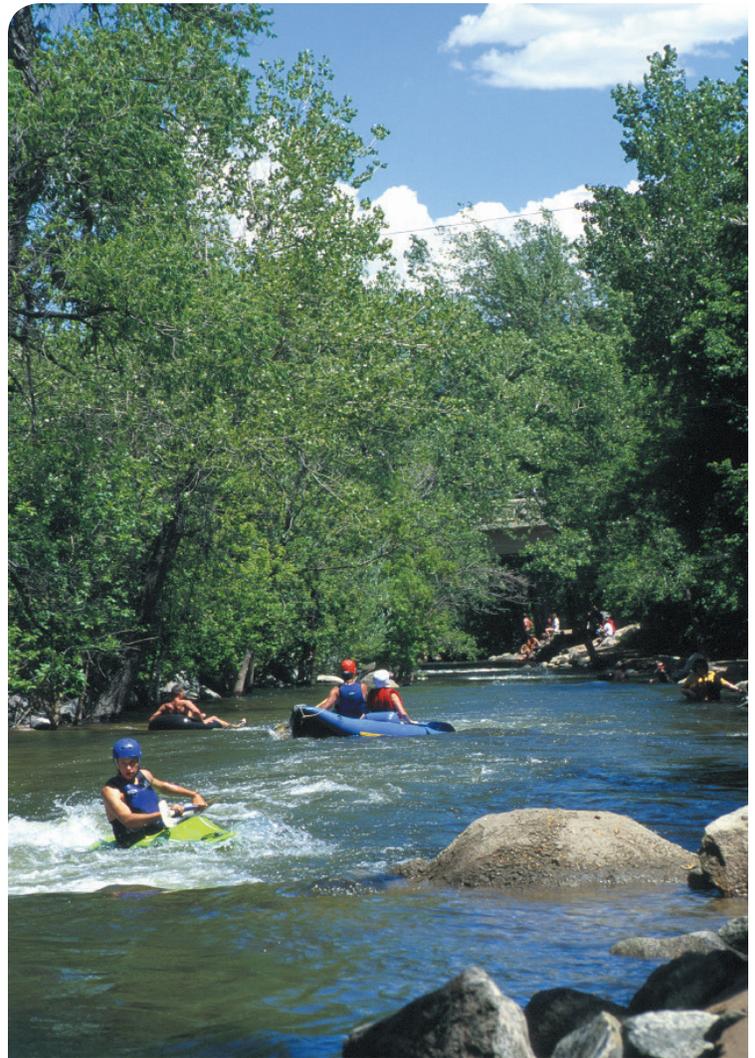
At December 31, 2014, the fair market value of the city's cash and investments was \$268.2 million with a weighted average return of 0.67 percent. Cash and investments include outstanding capital improvement bond proceeds that are invested separately because of the short-term nature of the bonds.

Bonded Debt

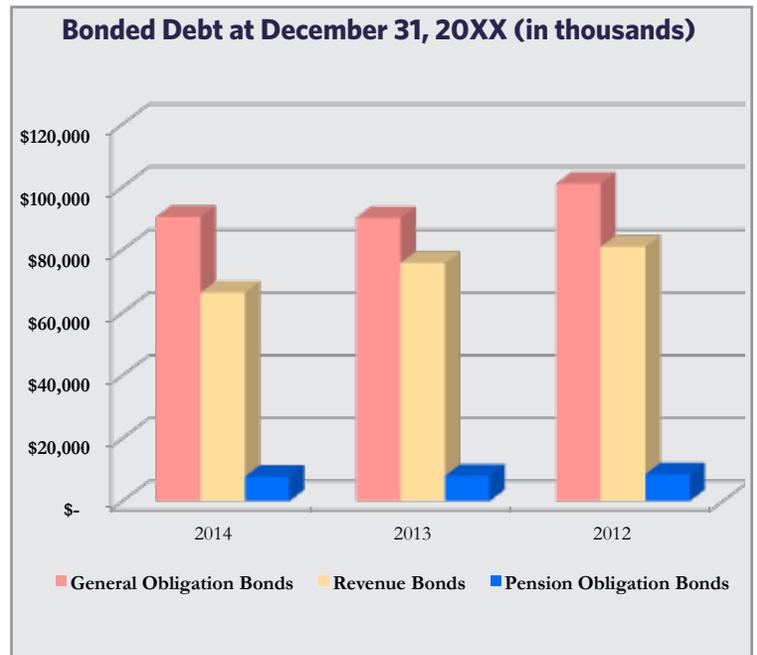
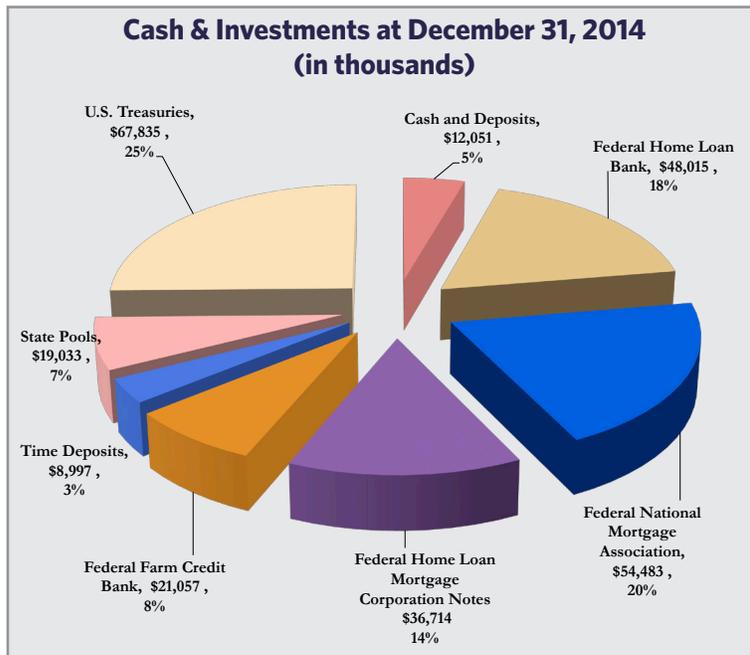
The city's bond credit rating was AAA by Standard & Poor's and Aa1 by Moody's Investors Service at December 31, 2014. These highly favorable investment ratings allow the city to pay less interest on its bond issuances.

According to the City Charter, the city's general obligation debt is subject to a legal limitation of three percent of total assessed real and personal property value. At December 31, 2014, all of the city's bonded debt was self-supporting, meaning that the ratio of general obligation debt to assessed property value was zero.

At December 31, 2014, the city had total bonded debt of \$164.5 million. Of this amount, \$90.4 million consisted of general obligation debt backed by the full faith and credit of the city. Another \$66.3 million represented bonds secured by specified revenue sources (revenue bonds). The remaining \$7.8 million pertained to pension obligation bonds, which are not backed by either specified revenue sources or taxes. \$10.0 million of general obligation open space acquisition bonds were issued in October 2014. Additional details can be found in Note O of the CAFR's basic financial statements.



Kayakers enjoy Boulder Creek, a 31.4 mile-long waterway that flows through the heart of Boulder.



Meet Your Council Members



Back row (left to right): Matthew Appelbaum, Mayor; Sam Weaver; Andrew Shoemaker; Tim Plass; Suzanne Jones, Mayor Pro Tem; George Karakehian

Front row (left to right): Mary Young, Macon Cowles, Lisa Morzel

City Government

The City of Boulder is governed by nine City Council members who are elected at-large and are non-partisan. The Council appoints a full-time city manager to oversee operations (Jane Brautigam), a city attorney (Tom Carr) and a municipal judge (Linda Cooke).

If you have questions about this report or need additional financial information, please contact the Finance Department of the City of Boulder by email at gilbertr@bouldercolorado.gov, by phone at 303-441-3040, or by mail at Finance Department, City of Boulder, P.O. Box 791, Boulder, CO 80306.

Mail to:
Office of City Council
P.O. Box 791
Boulder, CO 80306

Email:
council@bouldercolorado.gov

Mail to:
City Manager's Office
P.O. Box 791
Boulder, CO 80306

Email:
brautigamj@bouldercolorado.gov

and City Manager



Jane S. Brautigam



Reflecting the Vision of
the City of Boulder:

“Service excellence for
an inspired future”



Contact Information

www.BoulderColorado.gov

City Information Desk	303-441-3040	Human Resources	303-441-3070
Non-Emergency Police	303-441-3333	Library - Main Branch	303-441-4107
Non-Emergency Fire	303-441-3350	Municipal Court	303-441-1843
Office of Emergency Mgmt.	303-441-3390	Open Space & Mtn. Parks	303-441-3440
Animal Care & Control	303-442-4030	Building Inspections & Permits	303-441-1880
Boulder Public Library	303-441-3100	Public Works	303-441-3200
City Council Office	303-441-3002	Taxes & Licensing	303-441-3051
Sales Tax & License Division	303-441-4192	Senior Services	303-441-4150
City Manager's Office	303-441-3090	Special Events Permit	303-441-3315
Finance & Budget Office	303-441-3040		
Housing	303-441-3157		

Social Networking:

Twitter, Facebook, Vimeo & Youtube